

RISK COMMITTEE REPORT



Helen Gordon
Chair of the Risk Committee

2024 Focus areas

- Ongoing monitoring of the Group's principal and emerging risks
- Identify opportunities for consolidation and simplification of the Group's risk registers
- Ensure health and safety risks are being effectively managed across the Group
- Continue to receive regular updates on the Group's main development projects

Committee membership during 2023

	Independent	Number of meetings ¹	Attendance ²
Helen Gordon	Yes	4	100%
Lucinda Bell	Yes	4	100%
Sanjeev Sharma	Yes	4	100%
Cilla Snowball	Yes	4	100%

¹ In addition to the scheduled meetings, an additional meeting was held in October 2023 to review the management of health and safety risks.

² Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2023.

Dear Shareholder,

I am pleased to provide a report on the activities and focus areas of the Risk Committee. This is my first report to you, as I succeeded Richard Dakin as Chair of the Risk Committee from 1 March 2023.

The Group's risk profile remained elevated during 2023, as the sector continued to be impacted by the wider macro environment. Further information can be found in the Managing risks section on pages 90 to 117.

Key activities of the Committee during 2023

It has been another busy year for the Committee. In addition to monitoring the wider macroeconomic risks, the Committee has overseen a wide range of activities within four key categories (see pages 158 to 159):

- Property and market
- Technology
- People and environment
- Compliance

The Committee invited members of the senior management team to present on risks relevant to their departments. This allowed the Committee to delve deeper into management's approach to risk and compliance with key policies. The Committee also conducted 'deep dive' reviews with senior management on water hygiene management and construction health and safety. The Committee was pleased that both risk areas are subject to intensive independent oversight and assurance. Further information on health and safety is on pages 54 to 55.

Following the media reporting of Reinforced Autoclaved Aerated Concrete (RAAC) failing, an independent review of our portfolio was conducted and the outcome was presented to the Committee. The review provided assurance that our managed portfolio did not contain RAAC (see page 160).

Emerging risks

During the year, the Committee revisited its emerging risks and agreed they would be consolidated from eight risks to five to simplify its disclosures (see page 102). It has been another year of rising geopolitical tensions. If this continues, there could be prolonged global supply chain disruption and commodity price inflation. As a result, the Committee has classified geopolitical risks as a new emerging risk for the Group.

Further engagement

The forthcoming AGM is on 10 May 2024 and I will be available to answer any questions on the Committee's activities that you may have. If you wish to contact me, I am available via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or

Email: company.secretary@derwentlondon.com

Helen Gordon
Chair of the Risk Committee
27 February 2024

Committee composition and performance

The Committee’s membership for the year under review is detailed in the table on page 156. In addition to the Committee members, the Board Chairman, other Directors, senior management and the internal and/or external Auditors, are often invited to attend all or part of any meeting as and when appropriate or necessary. In 2023, the Risk Committee met four times (2022: three meetings). The meetings in August and November included a joint session with the Audit Committee to review the outcome of the internal auditor’s reviews (see page 148).

The Committee’s role and responsibilities are set out in the terms of reference, which were last updated in March 2023, and are available on the Company’s website at: www.derwentlondon.com/investors/governance/board-committees

The 2023 evaluation of the Board, its committees and individual Directors was internally facilitated, in accordance with our three-year cycle of evaluations (see page 137). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

Risk management

At Derwent London, the management of risk is treated as a critical and core aspect of our business activities. Although the Board has ultimate responsibility for the Group’s robust risk identification and management procedures, certain risk management activities are delegated to the level that the Board judge is most capable of overseeing and managing the risks. In order to gain a comprehensive understanding of the risks facing the business and the management thereof, the Risk Committee invites senior managers and external advisers to present at its meetings.

A robust assessment of the principal risks facing the Group is regularly performed by the Directors, taking into account the risks that could threaten our business model, future performance, solvency or liquidity, as well as the Group’s strategic objectives over the coming 12 months. Our principal risks are documented in the Schedule of Principal Risks (see pages 94 to 101) which includes a comprehensive overview of the key (financial and non-financial) internal controls in place to mitigate each risk and the potential impact. The Directors also review an assurance framework which evidences how each internal control is managed, overseen and (where appropriate) independently assured.

Due to its importance, changes to the Schedule of Principal Risks can only be made with approval from the Risk Committee or Board (changes made to our principal risks during 2023 are on page 92). Further information on the Group’s risk registers subject to review by the Risk Committee are detailed in the table below.

Risk documentation and monitoring

<p>Schedule of Principal Risks (see pages 94 to 101)</p>	<p>Contains the risks which are classified as the Group’s main risks which impact on the Group or could impact the Group over the next 12 months. The Schedule of Principal Risks also includes an assurance framework to evidence how each control is managed, overseen, and independently verified. As at 31 December 2023, the Schedule of Principal Risks contains 15 risks (2022: 14 risks).</p>
<p>Schedule of Emerging Risks (see page 102)</p>	<p>Contains the internal and external emerging risks that could significantly impact the Group’s financial strength, competitive position or reputation within the next five years. Emerging risks could involve a high degree of uncertainty. As at 31 December 2023, the Schedule of Emerging Risks contains five risks (2022: eight risks).</p>
<p>Group Risk Register</p>	<p>Risks not deemed to be principal to the Group are documented within the Group’s Risk Register, which is maintained by the Executive Directors, with assistance from the Executive Committee. The Board reviews and approves the Group’s Risk Register on an annual basis and it is reviewed by the Risk Committee at each of its meetings. As at 31 December 2023, the Group Risk Register contains 47 risks (2022: 37 risks).</p>
<p>Key risk indicators</p>	<p>The Risk Committee has identified risk areas which could indicate an increase in the Group’s risk profile. These indicators are reviewed at each Risk Committee meeting and are compared against the Board’s Risk Appetite Statement (see page 93). Any deviance or significant increase is subject to challenge by the Risk Committee. The risk indicator contains 10 risk areas including cyber security, cost inflation, project status, data protection, and health and safety incidents etc.</p>
<p>Functional/departmental risk registers</p>	<p>Risk registers are maintained at a departmental/functional level to ensure detailed monitoring of risks, where necessary. These registers are the responsibility of each department and are periodically reviewed by the Risk Committee during risk-specific presentations. Examples of these registers are the development risk registers for each building project and the ‘tenant on watch’ register.</p>

Key activities of the Committee

During 2023, the Committee has focused its attention on a variety of risks within four key categories.

Property and market

Development risks

The Committee regularly reviewed the key risks affecting our major on-site developments. In addition, the Committee received updates on the wider factors which could impact on our developments, including construction cost inflation, supply chain disruption, site security and material/labour shortages (see page 97).

Planning risk

The Committee requested that at each of its meetings, the Development team provide an update on the progress of planning applications for all major projects via the Committee's key risk indicator schedule.

Reinforced Autoclaved Aerated Concrete (RAAC)

The Committee reviewed the outcome of surveys conducted to ensure RAAC was not present in our managed portfolio (see page 160).

Subcontractor insolvency risk

The Committee received a presentation on the causes of subcontractor insolvency and its consequences. The Group's mitigation strategies were also subject to review.

Lease expiries and breaks

The Committee monitored our lease expiry profile throughout the year. It was noted that due to our asset management activities, our exposure for 2023 and 2024 had fallen.

Portfolio valuation

The Committee discussed the maximum percentage value that the Group is willing to accept in respect of individual buildings as a proportion of the Group's property portfolio for approval by the Board.

Energy Performance Certificates (EPCs)

The Committee received regular updates on the work performed by the Sustainability, Development and Asset Management teams to upgrade the EPC ratings of our buildings.

Strategic objectives: **1** **2** **4**

Principal risks: **1** **4** **5** **6A** **6B** **6C** **8**

Emerging risks: **A** **D** **E**

Technology

Cyber security

Our cyber security controls have been strengthened considerably in recent years in response to the increasing threat this poses to businesses, and it remains an area that the Committee keeps under continuous review (see pages 162 and 163).

Crisis Management Team (CMT)

On 3 November 2023, the CMT conducted a scenario exercise facilitated by an external consultant. The aim of the exercise was to test our procedures and identify improvement areas. In addition, a full recovery test was conducted. The Committee received an initial update on the tests outcome and will review the full report in April 2024.

Vendor risk management and access controls

The Committee received a report on how we manage access to our systems by third parties.

Phishing tests

The Committee received updates on the phishing tests conducted by the DIT team throughout the year, which sought to test the robustness of our training programme.

Security in our buildings

During 2023, we commissioned an independent consultancy to conduct physical penetration tests across our high profile locations in the portfolio to ensure continuous improvement in our perimeter security protocols. The Risk Committee also received an update on the trauma first aid and critical incident training arranged for on-site teams in high profile locations.

Power rationing test

The Committee reviewed the outcome of the power loss scenario tests conducted in November and December 2022 in response to the speculation of rolling power cuts to conserve fuel supplies. The Committee noted the lessons learnt from the exercise and the actions being implemented in response.

Strategic objectives: **3** **4**

Principal risks: **7A** **7B** **7C**

Emerging risks: **A** **B**

Strategic objectives

1 To optimise returns and create value from a balanced portfolio	2 To grow recurring earnings and cash flow	3 To attract, retain and develop talented employees	4 To design, deliver and operate our buildings responsibly	5 To maintain strong and flexible financing
---	---	--	---	--

Principal risks / See page 94
 Emerging risks / See page 102

People and environment

Health and safety

At each Committee meeting, a detailed update is provided on health and safety matters and identified key risks, both in the managed portfolio and development pipeline. During 2023, all Executive Directors conducted Leadership Tours to reinforce the Board’s commitment and visibility to health and safety.

Water management

During 2023, our water hygiene management procedures were subject to independent review, which confirmed they were robust.

Fire safety

The Committee received an update on the frequency and robustness of the Group’s:

- Fire risk assessments
- Fire alarm and sprinkler system testing
- Fire strategies

Asbestos management

The Committee received an update on the asbestos registers and asbestos management plans in place, which are reviewed at least annually by an external consultancy. The Committee noted that there are currently no high risk items requiring encapsulation or removal. However, we will continue to manage known asbestos as per guidance and survey for potential asbestos where there is a known risk.

Net Zero Carbon risks

The Committee reviewed the risk register being monitored in respect to the achievement of our Net Zero Carbon Pathway and the mitigation and controls in place.

Collapse of the Thames Valley Water Barrier

The Committee reviewed the outcome of an undefended flood scenario, whereby the Thames Valley Water Barrier is fully breached. It was noted that only a small proportion of our portfolio was at risk under this scenario.

Strategic objectives: 3 4
Principal risks: 9 10 11
Emerging risks: A C

Compliance

Building Safety Act 2022

Of the five residential properties within our portfolio which are ‘in-scope’ of the Act, one was sold in early 2023, three are under the control of a third party ‘Accountable Person’, and one is directly managed by Derwent London. During the year, the Committee received an update on our responsibilities and how we are ensuring our compliance.

Fire Safety (England) Regulations 2022

The Committee received updates on new regulations and our actions to date, noting that of the 11 residential properties within our portfolio, one property was sold and nine remain in scope of the new Fire Safety Regulations.

Anti-bribery and corruption

At each meeting, the Committee reviews the Hospitality & Gift Register which contains the returns prepared by all employees (including Directors) on a quarterly basis. During 2023, the Group’s Anti-Bribery & Corruption Policy and risk assessment were subject to review and update. To assist in raising awareness of the new policy, the mandatory compliance training topic for Q3 was anti-bribery.

Compliance training

The Risk Committee agreed the 2023 and 2024 training programme and monitored completion rates. Engagement with the training continues to be high with on average 98% of employees (including Directors) completing quarterly training (see page 165).

Internal audits

Alongside the Audit Committee, the Risk Committee received updates on the work performed by the outsourced internal auditor, RSM. Further information on the audits conducted during 2023 is on page 148.

Data protection

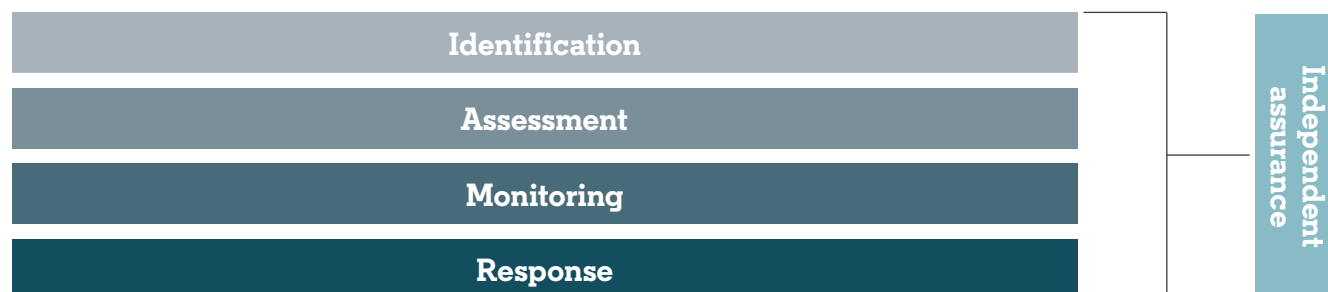
The Committee reviewed a report from the employee Data Protection Committee on their work during 2023 to oversee data protection risks and opportunities.

Strategic objectives: 3 4
Principal risks: 8 11
Emerging risks: C D

Risk management framework

Our risk management procedures are regularly reviewed and strengthened to ensure that all foreseeable and emerging risks are identified, understood and managed.

Our risk management framework is summarised below.



Identification

- **Top down approach to identify the principal risks that could threaten the delivery of our strategy:**
At the Board's annual strategy reviews, scenarios for the future are considered which assist with the identification of principal and emerging risks and how they could impact on our strategy. The continuous review of strategy and our environment ensures that we do not become complacent and that we respond in a timely manner to any changes.
- **Bottom up approach at a departmental and functional level:** Risks are identified through workshop debates between the Executive Committee and members of senior management, analysis, independent reviews and use of historical data and experience. Risk registers are maintained at a departmental/functional level to ensure detailed monitoring of risks, where necessary. Risks contained on the departmental registers are fed into the main Group Risk Register depending on the individual risk probability and potential impact.

Assessment

Following the identification of a potential risk, the Executive Committee undertakes a detailed assessment process to:

- gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined;
- allow the root cause of the risk to be identified;
- estimate the probability of the risk occurring and the potential quantitative and qualitative impacts; and
- understand the Group's current exposure to the risk and the 'target risk profile' (in accordance with the Board's risk tolerance) which will be achieved following the completion of mitigation plans.

Where necessary, external assistance is sought to assess potential risks and advise on mitigation strategies. Emerging risks are kept under review at each Risk Committee meeting and are reassessed during the Board's annual strategy reviews.

Reinforced Autoclaved Aerated Concrete

Reinforced Autoclaved Aerated Concrete (RAAC) was commonly used in construction between the 1950s and 1990s. As a cost-effective material, it was predominantly used in government/institutional buildings, but this does not preclude its use in the wider industry. RAAC is now recognised as a deleterious material, with first instances of failure occurring in the 1990s.

Following the media reporting on failure of RAAC installations in several buildings, we undertook an independent review of our portfolio. An external consultancy was commissioned to review and survey the managed portfolio to confirm if RAAC was present in any of our buildings.

The portfolio was reviewed to identify sites which were constructed within the timeframe that RAAC was in use or had structural works undertaken within the specified period, with 19 properties identified for further investigation. Our investigations included:

- A site walk
- 'Back of house' inspection and identification of construction type
- Review of visible concrete and removal of suspended ceilings to access concrete behind
- Photographic survey
- Identification of further investigation required

The results of the surveys were presented to the Risk Committee in November 2023 and confirmed that RAAC was not present in our managed portfolio.

Monitoring

Once a risk has been identified and assessed, a risk owner is assigned who is considered to be in the best position to influence and implement mitigation plans. In addition, under the Board's assurance framework, a control owner is assigned who can monitor and assess the effectiveness of the controls in place to address each principal risk.

As part of our risk management procedures, the Executive Committee and Risk Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust and identify any weaknesses or enhancements which could be made to the procedures.

Monitoring activities include:

- the regular review and updating of the Schedule of Principal Risks, Schedule of Emerging Risks and the Group's Risk Register;
- independent third party reviews of the risk management process to provide further assurance of its effectiveness;
- alerting the Board to new emerging risks and changes to existing risks;
- monitoring how the risk profile is changing for the Group; and
- providing assurance that risks are being managed effectively and where any assurance gaps exist, identifiable action plans are being implemented.

Response

We implement controls and procedures in response to identified risks with the aim of reducing our risk exposure, so that it is aligned or below our risk tolerance. The successful management of risk cannot be done in isolation without understanding how risks relate and impact upon each other. The mitigation plans in place for our principal risks are described on pages 94 to 101. We use insurance to transfer risks which we cannot fully mitigate.

Insurance

Our comprehensive insurance programme covers all of our assets and insurable risks. We are advised by insurance brokers, who provide a report to the Risk Committee on an annual basis. We have a long-standing relationship with our property insurers, who perform regular reviews of our properties that aim to identify risk improvement areas. Due to our proactive risk management processes, Derwent London has a low claims record which makes us attractive to insurers.

Independent assurance

The Group's internal audit function performs periodic reviews of key activities and controls which provides independent assurance to the Board and Committee that risks are being identified and effectively managed. In addition, these reviews highlight any recommendations for further action.

➔ Assurance over external reporting / See page 154 and 155



Network W1

'Designing out' risk in our developments

We endeavour to ensure that our development schemes are designed to address and respond to the following strategic risks:

- Creating the right 'product' for the specific target market and its location
- Achieving adaptability for varying uses over the long-term to avoid obsolescence
- Designing for efficient buildability and modern methods of construction delivery
- Designing for cost effectiveness, material and carbon efficiency
- Enhancing our reputation for sustainable design excellence in the marketplace

As a minimum, our development schemes are designed to avoid or minimise the following risks:

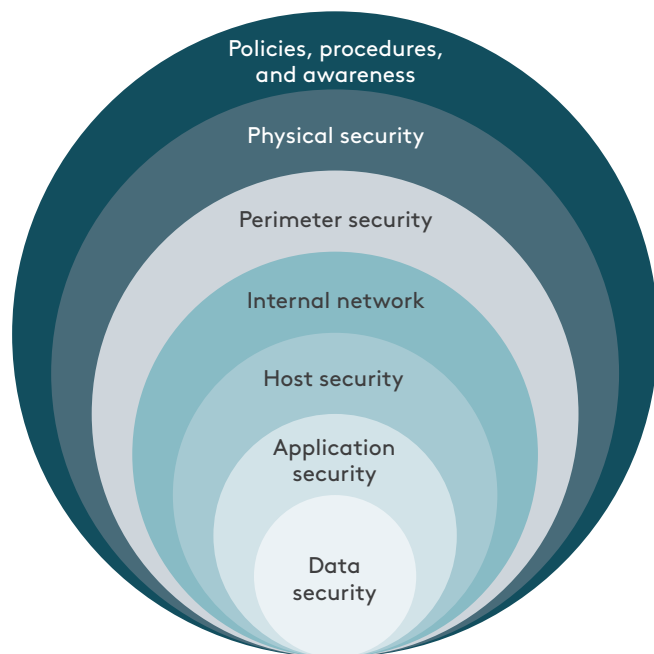
- Health and safety, and fire safety risks
- Town planning and conservation risk
- Inclusive design risk (including ability discrimination)
- Operation and maintenance risk (including access, repair and replacement strategies)
- Adverse impacts on the local community

We carry out our own research and innovation initiatives across a broad spectrum of relevant subjects, that influence our design thinking. This includes our work on the Intelligent Building Programme. In February 2023, we updated the British Council for Offices (BCO) 'Guidance to Specification' criteria to include a recalibration of occupancy densities and building performance to reflect more accurately how buildings are occupied and used, enabling them to meet net zero carbon targets.

Digital security risks

Cyber security

We adopt a layered approach to cyber security which provides multiple opportunities for threats to be identified before they can cause harm. Our layered security approach consists of the following:



Our cyber security procedures are subject to regular independent reviews and tests, the results of which are presented to the Risk Committee, which monitors the implementation of any arising actions. The Committee reviews a dashboard of key risk indicators at each meeting which includes information security and cyber risk-related KPIs.

During 2023, there was a 169% increase in the total number of potential attacks when compared to 2022, none of which resulted in a security incident. 99.98% of the attempts were stopped before they reached the intended targets, with the remaining attempts immediately being reported to our DIT team. This highlights the robustness of our cyber security posture and awareness campaigns.

Information security

We have robust procedures in place to safeguard the security and privacy of information entrusted to us. As part of the Committee's key risk indicator schedule, we monitor the number of 'near miss' data breaches and how these have been addressed.

Our procedures ensure that we:

- maintain the confidentiality, integrity and availability of data and safeguard the privacy of our customers and employees, to ensure that the business retains their trust and confidence;
- protect the Group's intellectual property rights, financial interests and competitive edge;
- maintain our reputation and brand value; and
- comply with applicable legal and regulatory requirements.

We operate a Data Protection Steering Committee which meets on a quarterly basis and is comprised of Data Protection Champions from each department. Our DIT team routinely conducts supplier information security due diligence assessments as part of the on-boarding process for all new suppliers of digital services to help provide assurance on the security posture of our suppliers and reduce the risk of supply chain attacks. Data Protection Impact Assessments (DPIAs) are also completed for any new projects or changes to processes that involve data processing, to help identify and mitigate any data privacy risks.



25 Savile Row W1

Cyber awareness

As part of our ongoing commitment to protect our employees and the business against cyber-attacks, we launched a new Cyber Security compliance training platform in 2023. The new platform allows for continuous learning, with modules that are customisable, small and frequent. Due to ever-evolving cyber threats, the platform is capable of raising awareness of new and prevalent attack methods in real time. Cyber awareness training is mandatory for all employees including the Board of Directors. Further information on training is available on pages 136 and 165.

Digital strategy risks

As we increase the digitalisation of our business model through our Intelligent Building Programme, our potential exposure to digital risks will increase. A cyber attack on our buildings has been identified as a principal risk for the Group, and our key controls to mitigate these risks are detailed on page 99.

In alignment with our strategy and purpose, the Derwent London Intelligent Building Programme seeks to enable our buildings to be digitally monitored and operated more efficiently, driving down equipment faults (and consequential maintenance) and delivering energy and operational carbon savings. During 2023, the Executive Committee monitored the phased roll out of the Intelligent Building Programme. The Committee will be kept updated on progress and its success.

The key indicators of success will be the cost savings to our occupiers (due to early fault detection) and the operational carbon savings for our occupiers and Derwent London.

Business continuity

On 3 November 2023, our Crisis Management Team (CMT) conducted a scenario-based exercise to test the robustness of our Incident Response Playbooks and Business Continuity Plan. The exercise was externally facilitated by an independent consultant.

The consultant’s feedback was that the group took the exercise seriously, talked through each of the events in a logical manner and handled the (theoretical) situation well. One of the actions arising from the exercise was to add a representative from the reception/front-of-house team to the CMT.

As part of this exercise, a full disaster recovery test was completed which included a failover of all internal systems to our backup data centre. All services were restored to 25 Savile Row in a timely manner. In 2024, we intend to undertake a full review of our Incident Response Playbooks and organise our next simulation test.

Disaster recovery

Derwent London has formal procedures for use in the event of an emergency that disrupts our normal business operations and consist of:

Business Continuity Plan (BCP)	Crisis Management Team (CMT)	Off-site disaster recovery data centre	Testing and review
The BCP serves as the centralised repository for the information, tasks and procedures that would be necessary to facilitate Derwent London’s decision making process and its timely response to any disruption or prolonged interruption to our normal activities. The aim of the BCP is to enable the recovery of prioritised business operations as soon as practicable.	The CMT is composed of key personnel deemed necessary to assist with the recovery of the business. The BCP empowers the CMT to make strategic and effective decisions to support the recovery of the business until we are able to return to normal working.	An off-site disaster recovery data centre is available in the event of an emergency, to provide continued access to IT services and data to our staff.	The strength of our business continuity and disaster recovery plans are regularly tested to ensure they are continually refined and to reduce the potential for failure.

Disaster recovery tests proposed for 2024/25

Test	Purpose	Date
IT component test	A technical test of the individual components required to carry out a failover of IT services to our disaster recovery data centre.	Q2 2024
Business Continuity Plan review	The CMT team meets regularly to review and update the Business Continuity Plan and cascade list, review current threat levels and agree on any action points.	Q2 & Q4 2024
Incident response	A tabletop group exercise to review our incident response procedures (in respect of cyber threats) and rehearse various disaster recovery scenarios to ensure we are adequately prepared.	Q4 2024
Full IT disaster recovery test	A full IT systems failover from our 25 Savile Row office to our disaster recovery data centre and testing that all IT functions and business-related activities can be adequately performed.	Q3 2025

Risk management structure

The Board

- Overall responsibility for risk management and internal control
- Sets strategic objectives and risk tolerance
- Sets delegation of authority limits for senior management
- Ensures that a healthy purposeful culture has been embedded throughout the organisation (with input from the Executive Directors)
- Agrees the Group's strategy to managing climate change resilience, approving and monitoring progress against our Net Zero Carbon Pathway (with input from the Responsible Business Committee)



Risk Committee

- Monitors and reviews the Board's risk registers
- Works alongside the Board to set risk tolerance levels
- Manages the internal audit process jointly with the Audit Committee
- Receives updates on key risks and monitors the Group's risk indicators
- Determines the nature and extent of the principal and emerging risks facing the Group

In addition to the Risk Committee, the Board's other principal committees manage risks relevant to their areas of responsibility.



Audit Committee

- Reviews the assurance received for the information published in our financial statements and key announcements
- Manages the external audit process and reviews the internal auditor's reports jointly with the Risk Committee
- Monitors the internal financial control arrangements, and satisfies itself that they are functioning effectively, and that corrective action is being taken where necessary

Remuneration Committee

- Ensures that remuneration and reward arrangements promote long-term sustainable performance and retention of key talent
- Monitors the incentive framework to ensure it does not encourage Executive Directors to operate outside the Board's risk tolerance

Responsible Business Committee

- Oversees the Group's policies in respect of modern slavery, the protection of human rights, achieving our Net Zero Carbon Pathway, and employee satisfaction and wellbeing etc.
- Monitors the Group's corporate responsibility, sustainability, and stakeholder engagement activities
- Monitors the Group's diversity and inclusion initiatives

Nominations Committee

- Ensures the Board (and its committees) have the correct balance of skills, knowledge, and experience
- Ensures that adequate succession plans are in place for the Board, Executive Directors and the wider talent pipeline



Executive Directors, with assistance from the Executive Committee

- Ensures the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Company and enable the Board to make a robust assessment of the principal risks
- Maintains the Group's risk registers
- Manages the Group's risk management procedures
- Reviews the operation and effectiveness of key controls



Heads of Department

- Provides guidance and advice to staff on risk identification and mitigation plans
- Engages with the Executive Directors and senior management to identify risks
- Allocates 'risk managers' and oversees their response
- Risk management is devolved to the appropriate level most capable of identifying and managing the risk

Anti-bribery and corruption

We are committed to the highest standards of ethical conduct and integrity in our business practices and adopt a zero-tolerance approach to bribery and corruption. The Company has assessed the nature and extent of its exposure to bribery and corrupt practices and, overall, considers our residual exposure to be low. To address the risk areas identified, and other risks that may arise from time to time, the Company has established procedures which are designed to prevent bribery and corrupt practices from occurring. An overview of our policies and procedures in this area is contained in the table below.

The greatest potential risk area for Derwent London is in respect of our long supply chains. Our zero-tolerance approach is communicated to all of our suppliers, contractors and business partners. Before we enter into a new business relationship, our due diligence procedures determine if a third party has previous convictions under the Bribery Act. All contracts with suppliers or contractors prohibit the payment of bribes, or engaging in any corrupt practice, and we have the right to terminate agreements in the event a bribe is paid or other corrupt practice undertaken.

During 2023, our anti-bribery and corruption procedures were subject to review and all employees (including the Board) received refresher training as part of the mandatory compliance training programme.

Compliance training

The Group operates a compliance training programme which is mandatory for all employees and members of the Board. The Risk Committee oversees the programme, agrees the topics to be covered and receives an update on completion rates. The programme covers a range of risk and compliance topics (including anti-bribery and corruption, diversity and inclusion, data protection, fraud and modern slavery).

At the launch of each training topic, an introductory email is sent to participants advising them of why the training is important and links to further information (including Company policies and guidance notes). The topics covered over the past two years are:

- reporting of wrongdoing;
- insider trading;
- disability awareness;
- modern slavery;
- competition law;
- conflicts of interest;
- anti-bribery and corruption; and
- cyber fraud awareness.

The Committee was pleased with the level of engagement from employees with, on average, c.98% of all participants (inclusive of the Board) completing each training module.

Policy and procedures to prevent bribery and corruption	
Corporate hospitality	Hospitality must be reasonable in value, appropriate to the occasion and provided openly and transparently. It must not compromise, nor appear to compromise, the Group nor the business judgement of our staff.
Business gifts	Generally, gifts should not be accepted unless valued at less than £50, are not cash or a cash equivalent (e.g. gift certificate), are appropriate to the circumstances and are not given with the intention of compromising or influencing the party to whom it is being given.
Hospitality and Gift Returns	All staff are required to complete quarterly Hospitality and Gift Returns which document all instances of third party hospitality or gifts (given or received) over that three-month period if the value is in excess of £50 for hospitality and £10 for gifts. The Hospitality and Gift Returns are subject to review by the Risk Committee.
Political donations	The Company strictly prohibits any political donations being made on its behalf.
Charitable donations	Charitable donations are handled by the Sponsorships and Donations Committee. 'Know your client' procedures are applied to charitable organisations to ensure we are dealing with a valid body acting in good faith and with charitable objectives.
Contractors and suppliers	As detailed above.
Supply Chain Responsibility Standard	Contains the minimum standards we expect from our major suppliers (further information on page 169).
Payments and expenses	All payments made must be warranted, transparent and proper. All payments must be accurately recorded through the normal accounting and financial procedures without any deception or disguise as to the recipient's identity or the purpose of the payment in question. No one approves their own expense claim. All expense claims must be approved by a Director or senior manager.
Facilitation payments	Facilitation payments are bribes and are strictly prohibited.
Conflicts of interest	All conflicts of interest or potential conflicts of interest must be notified to the Company Secretary and a register of such notifications is maintained. The Corporate governance statement on page 128 explains our process for managing potential conflicts.
Training	We provide our employees with guidance notes and regular training on anti-bribery, corruption, ethical standards and the prevention of the facilitation of tax evasion.
'Speak up' procedures	A confidential helpline is available for staff to report concerns anonymously (see page 128).